Finance Work Group Questions: Staff Responses

1 ***At one of the Finance Work Group meetings, the figures of $120 million was deducted twice from the calculation of the gap. Is this correct? What projects are included in the $120 million? Antelope Valley? Beltways? Other?***

There are a couple of projects in which the $120 million figure has been used and may have been interpreted as being subtracted twice. The South Beltway cost is $120 million, made up of a requested $96 million in Federal Funds and a $24 million funding requirement of City of Lincoln dollars. The other $120 million is the approximate cost of the Antelope Valley Phase I projects.

2 ***"Grant dollars" are used for some road projects and should be counted differently – they are revenue that off set project expenses. An example is the round about at 33rd and Sheridan that used grant money. How are such projects accounted for in the calculation of the gap?***

Grant dollars are being counted differently on significant projects, such as Antelope Valley and the Beltway. We have said all along that the Beltway project would require special Federal Aid money in order to build this project. If we don't receive this money, this project would not move forward. Other smaller projects that use grant money, such as the 33rd & Sheridan Roundabout, are only programmed and brought forward if the grant money has been secured. As such they are not regularly computed into the larger total project costs.

3 ***It is hard to understand how the $6 million in street maintenance is determined. How can $5 million spent on rehabbing 300 miles of arterial streets and $1 million spent on rehabbing residential streets keep us current?***

The $6 million that is in our calculations is for the resurfacing/rehabilitation of the street system, arterial and residential. It is not maintenance. There is a separate $7 million a year street maintenance that includes fixing and patching potholes, repairing curb, mowing right-of-way, snow removal, street sweeping by City staff primarily throughout the year.

The referenced $6 million includes approximately $5 million for arterial and $1 million for residential streets. This has been a slowly growing amount determined not on the need of the system, but the dollars that were available. Those available dollars had to be shared between street maintenance, street rehabilitation, and new projects.

We are currently in the process of trying to more accurately measure whether or not our street maintenance and street rehabilitation is meeting our needs. Are we holding our own on the streets? Are we gaining and improving the situation?

4 ***One handout showed about $700 million in road projects over 12 years ($657 million plus another $56 million...); with the first 6 years at $380 million. If the first 6 years has significant grant money and the second six years has little grant money, shouldn't we be adjusting for this?***

During the first 6 years, the $380 million "has about $200 million in grant money leaving Lincoln taxpayers to fund the additional $180 million." The next 6 year period has "no dedicated grant fund(s)" so that the Lincoln taxpayers would need to fund the $320 million over that time period.

We were simply trying to acknowledge that in the first six years we have some unique projects that allow us to ask for special kinds of funding to support projects. For example: State funds for East O Street, Train mile tax money and RTSD funds for Antelope Valley, and State Bridge Replacement money for the Harris Overpass. There is no indication that those kinds of projects will exist in the second six years of the program. As such, it is very difficult and not prudent to suggest that we depend on that kind of funding.

5 ***What amount of bonding can be supported today without any rate increase and still maintain the 1.5 debt coverage?***

Based on the audited revenues and expenditures for Fiscal Year 2001-02, Ameritas has determined that we could issue $20,000,000 in water revenue bonds – we recently sold $18.7 million of water revenue bonds and will be receiving the funds on December 10, 2002. This means that an additional $1.3 million in bonds could be issued under the 1.5 debt coverage. Ameritas also determined that the City could issue $39,000,000 in wastewater revenue bonds under the covenant requirements of 1.5 debt coverage based on the audited revenues and expenditures for Fiscal Year 2001-02.

6 ***What is the dollar volume of street work that Public Works can bid and oversee on an annual basis?***

We are internally discussing this and need to review this question with consulting community. Therefore, we do not have an answer at this point in time.

7 ***What would it save to reduce our street lane widths from 12 feet to 11 feet?***

The question can be answered in two ways. First, in just computing the material cost of the concrete, at $75 per cubic yard, the savings would be approximately $45, 000 per mile for a four lane roadway, ignoring turn lanes. If you compute the cost savings on the installed cost of the concrete it would be figured on the basis of $25 per square yard, and the approximate savings would be $60,000 per mile of four lane roadway, again ignoring the turn lanes. It should be noted that this would probably only result in the material cost savings, as much of the prep work would still be required in 11 foot lanes. I don't think you are going to see much reduction in the bid prices of the contractors.